

## Michaud Leads Effort to Support Proven Private Sector Job Creation Agency

Tuesday, March 16 2010

Historically, every \$1 in federal EDA funds leverages \$10 in private investment

WASHINGTON, DC &ndash; Today, Congressman Mike Michaud, a member of the House Transportation and Infrastructure Subcommittee on Economic Development, led an effort to retain adequate funding for federal economic development efforts. In a letter signed by 17 of his colleagues, Michaud urged the House Budget Committee to provide the Economic Development Administration (EDA) the support necessary to aid in the nation's economic recovery. According to studies, historically, every \$1 in federal EDA funding leverages approximately \$10 in private investment.

Historically, every \$1 in federal EDA funds leverages \$10 in private investment

WASHINGTON, DC &ndash; Today, Congressman Mike Michaud, a member of the House Transportation and Infrastructure Subcommittee on Economic Development, led an effort to retain adequate funding for federal economic development efforts. In a letter signed by 17 of his colleagues, Michaud urged the House Budget Committee to provide the Economic Development Administration (EDA) the support necessary to aid in the nation's economic recovery. According to studies, historically, every \$1 in federal EDA funding leverages approximately \$10 in private investment.

"As Congress looks for ways to support economic recovery while managing the national debt, it is essential that lawmakers focus on programs with a proven record of success," Michaud wrote. "With well over four million private sector jobs created and roughly \$150 billion in private sector investment leveraged since its inception, EDA has amassed an impressive record of assisting communities struggling to overcome both long-term economic challenges and sudden economic hardships."

EDA currently funds a number of economic development districts throughout the country, including a number in Maine: Androscoggin Valley Council of Governments (Auburn), Eastern Maine Development Corporation (Bangor), Kennebec Valley Council of Governments (Fairfield), Midcoast Economic Development District (Bath), Northern Maine Development Commission (Caribou), and Southern Maine Economic Development District (Portland).

Examples of work done by Maine's local development districts:

- In 2007, the Kingfield Water District with assistance from the Androscoggin Valley Council of Governments received \$750,000 in EDA public works assistance to replace deteriorated pipelines serving a proposed "Poland Spring" bottling facility. The project supported the construction of a 200,000 square foot manufacturing facility built on 315 acres, four spring water withdrawal sites and four miles of pipeline. The LEED-Certified plant opened in 2008 and will eventually employ over 110 people. In 2009, the facility was recognized by Maine Governor John Baldacci as a model of environmentally sustainable development.

- Since the Loring Air Force Base closed in 1994, the Northern Maine Development Commission (Caribou, Maine) has used its EDA-funded Defense Diversification Loan Program to make 49 loans totaling \$5.2 million. These loans have resulted in the retention and creation of 2,137 jobs in this highly rural region and leveraged more than \$44 million in additional funds. These investments have assisted existing businesses affected by the closure to modify their business models, stay in business, and retain and add jobs. It has also financed new businesses that have hired dislocated defense workers.

"Now is the time to refocus on strengthening our nation's primary private sector job creation agency. Adequately funding the EDA will help ensure that our local communities are able to invest in critical job creation strategies and initiatives," said Michaud.

The full text of the letter that Michaud sent today can be found below.

March 16, 2010

Dear Chairman Spratt and Ranking Member Ryan:

We are writing to respectfully request that the FY2011 Congressional budget resolution reserve funding for the Economic Development Administration (EDA) of no less than \$400 million. During these difficult economic times, it is essential that the Congress work to allocate federal resources in the most effective way possible. EDA has already proven its ability to effectively and efficiently create high-value jobs in America's distressed communities at minimal tax payer expense.

Communities across the nation are struggling with the impacts of a prolonged economic recession. Workers in towns and cities across the country are fighting to recover from devastating plant closures, recent job losses or the prospect of finding a new job in the worst economy in years. Investment programs within the EDA provide these communities the resources necessary to make critical infrastructure investments, make informed decisions on economic development issues and respond comprehensively to job losses that have been caused by a shifting global economy. Without these types of targeted federal investment, the parts of the country that faced serious economic development challenges before the recession will continue to suffer.

As Congress looks for ways to support economic recovery while managing the national debt, it is essential lawmakers focus on programs with a proven record of success. With well over four million private sector jobs created and roughly \$150 billion in private sector investment leveraged since its inception, EDA has amassed an impressive record of assisting communities struggling to overcome both long-term economic challenges and sudden economic hardships. In addition, an analysis released by Grant Thornton and ASR Analytics in September 2008 found that EDA's core public works program generates "between 2.2 and 5.0 jobs per \$10,000 in incremental EDA funding, at a cost per job of between \$2,001 and \$4,611." These are highly impressive rates of return for any economic development entity, whether at the federal, state or local level.

While the Agency is currently slated to receive \$293 million for FY2010, the Agency has proven it has the ability to quickly deliver additional levels of resources and still faithfully execute its mission of delivering high-quality private sector jobs in distressed communities. For example, EDA was able to obligate its entire allocation of \$150 million in ARRA resources in less than eight months, among the fastest of any federal agency. Given the Agency's documented performance over recent years, the increased funds being sought for EDA could potentially generate an additional 50,000 jobs in communities hit hardest by the current economic downturn.

We respectfully urge you to provide the EDA the support necessary to put our economy on the path to recovery by working to make sure that the Agency receives no less than \$400 million for FY2011. EDA is uniquely positioned to put Americans back to work, make the investments necessary to encourage future job growth and help communities adapt to the changing global economy. Thank you for your thoughtful consideration of this timely request.

Sincerely,

MICHAEL H. MICHAUD

DAVID SCOTT

TIMOTHY J. WALZ

BOB FILNER

TIM RYAN

PAUL W. HODES

G.K. BUTTERFIELD

RUSS CARNAHAN

MIKE ROSS

MAURICE D. HINCHEY

TIM HOLDEN

JOE SESTAK

CHELLIE PINGREE

PETER WELCH

RUSH HOLT

COLLIN C. PETERSON

BETTY SUTTON

BART STUPAK

# # #